WEEKLY ECONOMIC REVIEW

JANUARY 7, 2005

The U.S. dollar strengthened against most major currencies this week, amid growing speculation that the Federal Reserve will increase interest rates at a fairly rapid pace in 2005. This speculation was underpinned by generally strong U.S. economic data (including a 1.2% increase in factory orders in November) and renewed concerns about U.S. inflation. Most forecasters expect the U.S. economy to record continued strong growth this year, with real economic growth in 2005 generally forecast at over 3.5%.

As a result of the U.S. dollar's rally on global currency markets, the Canadian dollar declined through most of the week. However, the loonie rallied slightly on Friday, following a surprisingly strong Canadian employment report.

The Canadian economy added 33,500 jobs in December, bouncing back after a disappointing gain of less than 5,000 the previous month. The Alberta economy added 3,700 jobs in December, further reducing Alberta's unemployment rate to 4.5% (the lowest rate in Canada).

Cdn Dollar (C¢/US$)

Jan 7, 2004	81.0¢
Dec 31, 2004	83.1¢
2004-05 YTD	77.4¢

WTI Oil $US/bbl

Jan 6, 2004	$45.56
Dec 30, 2004	$43.45
2004-05 YTD	$43.43

Nymex Natural Gas C$/mcf*

February Contract

Jan 7, 2004	$7.35
Dec 30, 2004	$7.64

*estimate based on Nymex Futures Market Price

U.S. payroll employment rose by 157,000 in December, slightly below expectations.

Oil prices rose to over $45 (U.S.) this week, following signals from OPEC that it is likely to proceed with production cuts announced in December.

Alberta's energy sector capped off a record year of activity, with rigs drilling up 9.7% in December. The active rig count of 476 was up 18.7% from a year ago, and 47% above the latest 10-year average for December.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date*
Rigs Drilling	December			
	476	9.7%	18.7%	5.5%
Industrial Product Price Index (1997=100)	November			
	108.5	-1.7%	4.1%	3.1%
Raw Materials Price Index (1997=100)	November			
	131.9	-5.3%	19.7%	11.8%
Employment	December	Gain/Loss from Previous Month (#)	Year-to-date change (#)	Year-to-date change (%)*
Alberta		+3,700	+33,650	2.0%
Canada		+33,500	+276,950	1.8%
US		+157,000	+1,343,000	1.0%

Source: Statistics Canada, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics

**Year-to-date 2004 compared to the same time period in 2003. For example: January-November 2004 versus January-November 2003*